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INTERSTATE COMMERCE COMMISSION

December 30, 1988

Ms. Noretta R. McGee, Secretary
Interstate Commerce Commission
Twelfth Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Secretary:

On behalf of our client, Security Pacific Equipment Leasing, Inc., enclosed are an original and one counterpart of the documents described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The documents (the "Documents") are:

- (1) Collateral Assignment and Security Agreement, dated as of June 25, 1988 ("Collateral Assignment"), a Primary Document.
- (2) Lease Agreement, dated as of June 25, 1988 ("Headlease"), a Primary Document.
- (3) Restated Lease Agreement, dated as of June 25, 1988 (the "Sublease"), a Primary Document which is related to:
 - (a) Lease Agreement, dated as of December 30, 1987, a Primary Document, filed with the Interstate Commerce Commission on January 4, 1988 and assigned Recordation No. 15440; and
 - (b) Lease Supplement No. 1, dated as of December 31, 1987, a Secondary Document, filed with the Interstate Commerce Commission on January 4, 1988 and assigned Recordation No. 15440-A.
- (4) German Lessor Security Agreement, dated as of June 30, 1988 (the "German Lessor Security Agreement"), a Primary Document.

No.

Date DEC 30 1988

Fee \$ 55.00

LOC DA

8-365A015

C. Dean Lytle
12-31-88

December 30, 1988

The Primary documents to which documents numbered (1), (2) and (4) are related are the Collateral Assignment, the Headlease and the German Lessor Security Agreement referred to above, for which no recordation numbers have yet been issued.

All capitalized terms used herein without definition have the meanings assigned thereto in Restated Schedule X to the Headlease.

The names and addresses of the parties to the Documents are as follows:

Secured Party in Document (1), Lessor in Document (2) and Debtor in Document (4):

DB Export-Leasing GmbH
Taunusanlage 12
D-6000 Frankfurt am Main 1
Federal Republic of Germany

Debtor in Document (1), Lessee In Document (2), Lessor in Document (3) and Secured Party in Document (4):

Security Pacific Equipment Leasing, Inc.
Four Embarcadero Center
Suite 1200
San Francisco, CA 94111
Attention: Manager, Operations Department LEV

Lessee in Document (3):

Massachusetts Bay Transportation Authority
Ten Park Plaza
Boston, MA 02116
Attention: Treasurer-Controller

A description of the equipment covered by the Documents follows:

34 commuter rail coaches manufactured by Messerschmitt-Bolkow-Blohm GmbH (the "Manufacturer") pursuant to the Purchase Agreement, dated August 7, 1985, as amended, between the Manufacturer and Massachusetts Bay Transportation Authority ("MBTA") and identified by MBTA vehicle identification numbers 500 through 516, inclusive, and 1500 through 1516, inclusive.

A fee of \$40.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Goodwin, Procter & Hoar, Exchange Place, Boston, MA 02109, Attention: F. Beirne Lovely, Jr., Esq.

A short summary of the Documents to appear in the index follows:

1. Primary Document. Collateral Assignment and Security Agreement, dated as of June 25, 1988, between DB Export-Leasing GmbH ("DBX"), Taunusanlage 12, D-6000 Frankfurt am Main 1, Federal Republic of Germany, as secured party, and Security Pacific Equipment Leasing, Inc. ("Security Pacific"), Four Embarcadero Center, Suite 1200, San Francisco, CA 94111, as debtor, pursuant to which Security Pacific grants a security interest to DBX in, among other things, its rights and interests as lessor to a Restated Lease Agreement, dated as of June 25, 1988, between Security Pacific and Massachusetts Bay Transportation Authority, Ten Park Plaza, Boston, MA 02116, as lessee, including the rentals and other payments due thereunder.
2. Primary Document. Lease Agreement, dated as of June 25, 1988, between DB Export-Leasing GmbH, Taunusanlage 12, D-6000 Frankfurt am Main 1, Federal Republic of Germany, as lessor, and Security Pacific Equipment Leasing, Inc., Four Embarcadero Center, Suite 1200, San Francisco, CA 94111, as lessee with respect to the lease of 34 commuter rail coaches manufactured by Messerschmitt-Bolkow-Blohm GmbH.
3. Primary Document. Restated Lease Agreement, dated as of June 25, 1988, between Security Pacific Equipment Leasing, Inc., Four Embarcadero Center, Suite 1200, San Francisco, CA 94111, as lessor, and Massachusetts Bay Transportation Authority, Ten Park Plaza, Boston, MA 02116, as lessee, covering 34 commuter rail coaches manufactured by Messerschmitt-Bolkow-Blohm GmbH, which amends and restates the following documents previously filed with the Interstate Commerce Commission:
 - (a) Lease Agreement between Security Pacific Equipment Leasing, Inc., Four Embarcadero Center, Suite 1200, San Francisco, CA 94111, as lessor, and Massachusetts Bay Transportation Authority, Ten Park Plaza, Boston, MA 02116, as lessee, dated as of December 30, 1987, covering 34 commuter rail coaches manufactured by Messerschmitt-Bolkow-Blohm GmbH, a Primary Document filed with the Interstate Commerce Commission on January 4, 1988 and assigned Recordation No. 15440; and

December 30, 1988

- (b) Lease Supplement No. 1 between Security Pacific Equipment Leasing, Inc., Four Embarcadero Center, Suite 1200, San Francisco, CA 94111, as lessor, and Massachusetts Bay Transportation Authority, Ten Park Plaza, Boston, MA 02116, as lessee, dated as of December 31, 1987, covering 34 commuter rail coaches constituting the equipment covered by the Lease Agreement dated December 30, 1987, a Secondary Document filed with the Interstate Commerce Commission on January 4, 1988 and assigned Recordation No. 15440-A.
- 4. Primary Document. German Lessor Security Agreement, dated as of June 30, 1988, between DB Export-Leasing GmbH ("DBX"), Taunusanlage 12, D-6000 Frankfurt am Main 1, Federal Republic of Germany, as debtor, and Security Pacific Equipment Leasing, Inc. ("Security Pacific"), Four Embarcadero Center, Suite 1200, San Francisco, CA 94111, as secured party, pursuant to which DBX grants a security interest to Security Pacific in its interest in 34 commuter rail coaches manufactured by Messerschmitt-Bolkow-Blohm GmbH (the "Equipment") leased to Security Pacific pursuant to a Lease Agreement (the "Headlease"), dated as of June 25, 1988, between DBX and Security Pacific to secure Security Pacific's purchase option under the Headlease.

A short summary of the transaction of which the Documents are a part follows:

The Documents have been entered into in connection with the refinancing of a leveraged lease transaction (which originally closed on December 31, 1987) pursuant to an Agreement to Purchase and Lease (the "Agreement to Purchase and Lease"), dated as of June 25, 1988, among Massachusetts Bay Transportation Authority (the "Sublessee"), Security Pacific Equipment Leasing, Inc. (the "U.S. Lessor"), DB Export-Leasing GmbH (the "German Lessor"), Deutsche Credit Corporation (the "Purchaser"), New England Merchants Funding Corporation (the "Original Noteholder") and Wilmington Trust Company, not in its individual capacity (except as therein provided) but solely as Indenture Trustee (the "Indenture Trustee"). In accordance with the Agreement to Purchase and Lease, the U.S. Lessor will transfer title to 34 commuter rail coaches (the "Equipment") currently leased to the Sublessee to the German Lessor and lease the Equipment back pursuant to a Lease Agreement, dated as of June 25, 1988 (the "Headlease"); the Equipment will continue to be leased to the Sublessee pursuant to a Restated Lease Agreement, dated as of June 25, 1988 (the "Sublease"). The purchase price of the

December 30, 1988

Equipment will be financed in part by the sale by the German Lessor to the Purchaser pursuant to an Accounts Receivable Purchase Agreement No. 1, dated June 25, 1988 ("Accounts Receivable Purchase Agreement") of a portion of the rentals to be paid under the Headlease. The U.S. Lessor will use the cash proceeds of the sale to repay in full the loan made in 1987 by the Original Noteholder and the Indenture Trustee will discharge the Trust Indenture and Security Agreement, dated as of December 30, 1987, as supplemented by Trust Indenture Supplement No. 1, dated as of December 31, 1987 ("Indenture"), entered into by the U.S. Lessor. The U.S. Lessor will retain its original investment in the form of an ownership interest of a portion of the rentals secured by the Collateral Assignment described below. The obligations of the U.S. Lessor under the Headlease will be secured by an assignment to the German Lessor of the U.S. Lessor's interest in the Sublease, among other things, pursuant to a Collateral Assignment and Security Agreement, dated as of June 25, 1988 (the "Collateral Assignment") and the obligations of the German Lessor under the Accounts Receivable Purchase Agreement will be secured by an assignment to the Purchaser of the German Lessor's interest in the Equipment, the Headlease and the Collateral Assignment. In addition, the German Lessor will grant a second security interest in the Equipment to the U.S. Lessor pursuant to a German Lessor Security Agreement, dated as of June 25, 1988, to secure the purchase option given to the U.S. Lessor under the Headlease.

The names and addresses of the other parties to such transaction are:

Purchaser of Accounts Receivable under the Headlease and Secured Party:

Deutsche Credit Corporation
2333 Waukegan Road
Deerfield, Illinois 60015

and, only for the purposes of agreeing to the prepayment of the note held by the Original Noteholder and the discharge of the Indenture:

Original Noteholder:

New England Merchants Funding Corporation
28 State Street
Boston, MA 02109
Attention: Halsey B. Collins, Esq.

Indenture Trustee:

December 30, 1988


Wilmington Trust Company, as Indenture Trustee
under the Trust Indenture and Security Agreement,
dated as of December 30, 1987
Rodney Square North
Wilmington, DE 19890
Attention: Corporate Trust Administration

Please acknowledge receipt of this letter of transmittal and its enclosures by appropriately stamping the enclosed copy of this letter and by returning it to Mr. Lovely in the addressed envelope enclosed for your convenience.

Very truly yours,

Ropes & Gray

By


Partner

Enclosures: Collateral Assignment and Security Agreement -
Two Original Counterparts and One Notarized Copy
of each Counterpart
Lease Agreement - Original and Notarized Copy
Restated Lease Agreement - Original and Notarized Copy
German Lessor Security Agreement -
Original and Notarized Copy
Transmittal Letter (Copy)
Check (\$40.00)
Return Envelope (Postage Prepaid)

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1989

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

I have compared the annexed instrument to the original
thereof and have found it to be an exact copy of the original.

Noreen M. Berardino
Notary Public
[Seal]
My Commission Expires 12/11/89

NOREEN M. BERARDINO, NOTARY PUBLIC
State of New York, No. 03-4906136
Qualified in Bronx County
Cert. Filed in New York County
Commission Expires Sept 21, 1989

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INTERSTATE COMMERCE COMMISSION

COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

Dated as of June 25, 1988

Between

DB EXPORT-LEASING GmbH,

Secured Party,

and

SECURITY PACIFIC EQUIPMENT LEASING, INC.,

U.S. Lessor

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RESTATED SCHEDULE X -- Definitions

COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT dated as of June 25, 1988, between (i) DB EXPORT-LEASING GmbH, a German company (the "Secured Party"), and (ii) SECURITY PACIFIC EQUIPMENT LEASING, INC., a Delaware corporation (the "U.S. Lessor").

W I T N E S S E T H :

WHEREAS, the Secured Party and the U.S. Lessor have, immediately prior to the execution and delivery of this Collateral Assignment and Security Agreement, entered into a Headlease Agreement whereby, among other things, the Secured Party has agreed to lease to the U.S. Lessor, and the U.S. Lessor has agreed to lease from the Secured Party, the Equipment;

WHEREAS, the U.S. Lessor desires by this Collateral Assignment and Security Agreement, among other things, to provide for the deposit, assignment and pledge by the U.S. Lessor with the Secured Party, as part of the Collateral hereunder, among other things, of all of the U.S. Lessor's right and interest in and to the Equipment and Parts and its right, title and interest in and to the Sublease, the Purchase Agreement, the Purchase Agreement Assignment, the Sublessee's Assignment and all payments and other amounts received hereunder or thereunder in accordance with the terms hereof, as security for the U.S. Lessor's obligations to the Secured Party under the Headlease;

WHEREAS, all things necessary to make this Collateral Assignment and Security Agreement the valid, binding and legal obligation of the U.S. Lessor, for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened;

NOW, THEREFORE, in order to secure the prompt payment of Headlease Rent and the performance and observance by the U.S. Lessor of all the agreements, covenants and provisions herein and in the Headlease for the benefit of the Secured Party contained, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, the U.S. Lessor has assigned, transferred, pledged and confirmed, and does hereby assign, transfer, pledge and confirm, unto the Secured Party, its successors and assigns, and create a security interest in, the

following described property, rights and privileges (which collectively, including all property hereafter specifically subjected to the lien of this Collateral Assignment and Security Agreement by any agreement supplemental hereto, are hereinafter called the "Collateral"), to wit:

(1) all right and interest of the U.S. Lessor in and to all Equipment;

(2) all Sublease Rent and other payments due under and all right, title and interest of the U.S. Lessor, as lessor, in and to, the Sublease and all insurance and requisition proceeds (except public liability insurance proceeds), and other payments of any kind for or with respect to the Equipment, and including all rights of the U.S. Lessor to execute any election or option or to give any notice, consent, waiver, or approval under or in respect of the Sublease or to accept any surrender of the Equipment or any part thereof as well as any rights, powers or remedies on the part of the U.S. Lessor, whether arising under the Sublease or by statute or at law or in equity, or otherwise, arising out of any event of default by the Sublessee under the Sublease excluding, however, the Excepted Rights;

(3) all right, title and interest of the U.S. Lessor in, to and under the Purchase Agreement, to the extent assigned by the Purchase Agreement Assignment and to the extent the Purchase Agreement as so assigned relates to the Equipment, and all right, title and interest of the U.S. Lessor in, to and under the Purchase Agreement Assignment;

(4) all right, title and interest of the U.S. Lessor in and to the Sublessee's Assignment;

(5) all the rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the lien of this Collateral Assignment and Security Agreement, and all the estate, right, title and interest of every nature whatsoever of the U.S. Lessor in and to the same and every part thereof;

(6) all right, title and interest of the U.S. Lessor in, to and under any and all insurance and requisition proceeds with respect to the Equipment including but not limited to the insurance required under Article 9 of the Headlease; and

(7) all proceeds of the foregoing.

BUT EXCLUDING, HOWEVER, from the foregoing property, rights and privileges all Excluded Payments;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Secured Party, its successors and assigns, and for the uses and purposes and subject to the terms and provisions set forth in this Collateral Assignment and Security Agreement.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the U.S. Lessor shall to and only to the express extent provided in Section 6.10 hereof remain liable on a recourse basis under the Sublease, the Purchase Agreement, the Purchase Agreement Assignment and the Sublessee's Assignment to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Secured Party shall have no obligation or liability under the Sublease, the Purchase Agreement, the Purchase Agreement Assignment or the Sublessee's Assignment by reason of or arising out of the assignment hereunder, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any obligations of the U.S. Lessor under or pursuant to the Sublease, the Purchase Agreement, the Purchase Agreement Assignment or the Sublessee's Assignment or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The U.S. Lessor does hereby constitute the Secured Party the true and lawful attorney of the U.S. Lessor, irrevocably, with full power (in the name of the U.S. Lessor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due under or arising out of the Sublease, the Purchase Agreement (to the full extent assigned hereby), and the Sublessee's Assignment (but only to the extent such monies and claims are assigned to Secured Party pursuant to this Collateral Assignment and Security Agreement and do not constitute Excluded Payments or arise from Excepted Rights hereunder), to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Secured Party, acting in accordance with its standard of care hereunder, may deem to be necessary or advisable in the premises.

Unless and until a Collateral Assignment Event of Default shall have occurred and be continuing, the U.S. Lessor may exercise on its own behalf the rights, powers and privileges possessed by the U.S. Lessor under the Cross Border Documents.

The U.S. Lessor agrees, subject to the non-recourse nature of its obligations hereunder, that at any time and from time to time, upon the written request of the Secured Party, the U.S. Lessor will promptly and duly execute and deliver any and all such further instruments and documents as the Secured Party may reasonably deem desirable in obtaining the full benefits of the assignment hereunder and of the rights and powers herein granted. The U.S. Lessor does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, any of its rights, title or interest hereby assigned, to anyone other than the Secured Party, except that the U.S. Lessor may transfer its interest to the extent permitted in the Agreement to Purchase and Lease, and it will not, except as provided in this Collateral Assignment and Security Agreement, enter into any agreement amending or supplementing the Sublease, the Purchase Agreement, the Purchase Agreement Assignment, or the Sublessee's Assignment, accept any payment from the Lessee, settle or compromise any claim (other than claims not assigned hereunder) against the Sublessee arising under the Sublease, the Purchase Agreement, the Purchase Agreement Assignment, or the Sublessee's Assignment, or submit or consent to the submission of any dispute, difference or other matter arising under or in respect of the Sublease, the Purchase Agreement, the Purchase Agreement Assignment, or the Sublessee's Assignment to arbitration thereunder.

The U.S. Lessor does hereby ratify and confirm the Sublease, the Purchase Agreement Assignment and the Sublessee's Assignment and does hereby agree that it will not, except as provided in this Collateral Assignment and Security Agreement, take or omit to take any action, the taking or omission of which might result in an alteration or impairment of the Sublease or the assignment hereunder or of any of the rights created by the Sublease, the Purchase Agreement, the Purchase Agreement Assignment, the Sublessee's Assignment or the assignment hereunder.

It is Hereby Covenanted and Agreed by and between the parties hereto as follows:

ARTICLE I Definitions

1.1 Definitions. For all purposes of this Collateral Assignment and Security Agreement the capitalized terms used herein are defined in, or by reference in, Restated Schedule X annexed hereto and incorporated herein as such terms may be amended from time to time. No amendment to Restated Schedule X

attached hereto shall become effective until a corresponding amendment is made to Restated Schedule X attached to the Agreement to Purchase and Lease, the Sublease and the Headlease or until the parties to the Agreement to Purchase and Lease, the Sublease and the Headlease shall have waived this condition in writing with respect to such amendment.

ARTICLE II
Termination in Certain Circumstances.

2.1. Optional Termination of Collateral Assignment. At any time during the six-month period after the Secured Party, acting pursuant to Article IV hereof, has (i) declared the Headlease to be in default pursuant to Article 13 thereof (unless such declaration has been rescinded) or (ii) acted to foreclose or otherwise enforce the lien of this Collateral Assignment arising out of such Headlease Event of Default, then the U.S. Lessor may elect to terminate this Collateral Assignment by giving written notice of such election to the Secured Party (which notice shall state that it is irrevocable and designating a Headlease Stipulated Loss Value Date not less than 10 days thereafter as the termination date) and paying to the Secured Party on such termination date an amount equal to the Headlease Stipulated Loss Value plus all other sums then due and owing hereunder or under the Headlease (including the installment of Basic Headlease Rent due on such termination date) or under the Agreement to Purchase and Lease. Upon the payment of such amount, the U.S. Lessor, as agent for the Secured Party, shall use its best efforts to obtain bids for the purchase of all (but not less than all) items of Equipment then subject to the Headlease and in the event it receives any bid, the U.S. Lessor shall, at least five Business Days prior to the proposed date of sale, certify to the Secured Party in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the party (who may be the U.S. Lessor) submitting such bid. The U.S. Lessor shall have the option, exercisable by notice contained in the U.S. Lessor's certification of the bid referred to in the immediately preceding sentence, to purchase the Equipment for the same amount and on the same terms as the bid so certified. On or before the proposed date of sale, the Secured Party shall Transfer the Equipment to the purchaser against payment by the purchaser of the purchase price in same day funds (if the U.S. Lessor is the purchaser, such payment shall be reduced by any amount to which the U.S. Lessor would be entitled under clause fourth of Section 3.3 hereof) and the Secured Party shall execute and deliver such documents evidencing such sale and Transfer as the purchaser shall reasonably request, but, in any event, by Bill of Sale providing that the Equipment

is transferred and conveyed "AS IS, WHERE IS". THE SECURED PARTY HAS NOT MADE AND SHALL NOT MAKE ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR A PARTICULAR PURPOSE OR USE, OR SUITABILITY OF THE EQUIPMENT, AND SHALL TRANSFER ALL OF ITS RIGHT, TITLE AND INTEREST IN THE EQUIPMENT TO SAID PURCHASER "AS IS, WHERE IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, except that the Secured Party will warrant to the purchaser that the Equipment is free and clear of Lessor Liens attributable to it. Upon such transfer, this Collateral Assignment shall terminate, and the Secured Party will release the Collateral as described in Section 6.1.

ARTICLE III
Receipt, Distribution and Application of Income
From the Collateral

3.1. Basic Sublease Rent. Except as otherwise provided in Section 4.3 hereof, each installment of Basic Sublease Rent and any payment of interest on overdue installments of Basic Sublease Rent received by the Secured Party at any time shall be applied by the Secured Party on the date such payment is received by the Secured Party (or on the date such payment is due in immediately available funds if such date is later than such date of receipt) in the following order of priority: first, to the payment of all amounts due under the Headlease for Basic Headlease Rent and Supplemental Headlease Rent (if any); and, second, the balance, if any, of such installment remaining thereafter shall, subject to the provisions of Accounts Receivable Purchase Agreement No. 2, be remitted to the U.S. Lessor. It is understood and agreed between the U.S. Lessor and the Secured Party that, as provided in Section 8.4 of the Headlease, all payments of Basic Sublease Rent shall be paid by the U.S. Lessor directly to the Secured Party or its assignee, and applied by it in accordance with the provisions of this Article III.

3.2. Payments After Event of Loss. (a) Except as otherwise provided in Section 3.3 hereof, any payment from the Sublessee pursuant to Section 10.3 of the Sublease as a result of the occurrence of an Event of Loss with respect to the Equipment (unless Equipment is substituted pursuant to such Section 10.3), shall in each such case be applied by the Secured Party in the following order of priority: first, to the payment of any tax (except to the extent taken into account directly or indirectly in the amount of Headlease Stipulated Loss Value payable pursuant to clause third of Section 3.3 hereof) or other expense of the

Secured Party (and not reimbursed) in connection with the collection or distribution of such payment; second, to the payment of all amounts due in respect of accrued Basic Headlease Rent and Supplemental Headlease Rent; third, in the manner provided in clause "second" of Section 3.3 hereof; and fourth, in the manner provided in clause "fourth" of Section 3.3 hereof.

(b) Except as otherwise provided in Section 3.3 hereof, any payment made directly or through the Sublessee by any governmental authority or other party pursuant to Section 10.3 of the Sublease with respect to the Equipment or any item thereof as the result of governmental requisition of the Equipment or any item thereof, to the extent that such payment is not at the time required to be paid to the Sublessee pursuant to said Section 10.3, and any payment of insurance proceeds made directly or through the Sublessee by any insurer (or under any governmental indemnity in lieu thereof) or otherwise of the character described in Section 9.3 of the Sublease with respect to the Equipment as the result of an Event of Loss, to the extent such payment is not at the time required to be paid to the Sublessee pursuant to said Section 9.3, shall, except as otherwise provided in the next sentence, be applied by the Secured Party in order of priority set forth in paragraph (a) of this Section 3.2. Any portion of any payment referred to in the foregoing sentence not required to be paid to the Sublessee pursuant to Section 10.3 or Section 9.3 of the Sublease, as the case may be, solely because a Sublease Event of Default shall have occurred, shall, to the full extent thereof, be applied by the Secured Party in accordance with Section 3.3 hereof.

3.3. Payments After Event of Default. Except as otherwise provided by Section 3.4, all payments received and amounts realized by the Secured Party constituting part of the Collateral after a Collateral Assignment Event of Default shall have occurred and be continuing and (in the event such Collateral Assignment Event of Default is a Collateral Assignment Event of Default referred to in paragraph (a) of Section 4.2 hereof) after the Secured Party has declared (as assignee from the U.S. Lessor of the Sublease) the Sublease to be in default pursuant to Section 13 thereof (including any amounts realized by the Secured Party from the exercise of any remedies pursuant to Section 13 of the Sublease or Article IV hereof), as well as all payments or amounts then held by the Secured Party as part of the Collateral, shall be applied by the Secured Party in the following order of priority:

first, to the payment of any tax, expense or other loss (including without limitation all amounts to be expended at the expense of, or charged upon the tolls,

rents, revenues, issues, products and profits of, the Collateral) incurred by the Secured Party for amounts paid by it (to the extent not previously reimbursed) (including without limitation, the expenses of any sale, taking or other proceeding, reasonable attorneys' fees and expenses, court costs, and any other expenditures incurred or expenditures or advances made by the Secured Party in the protection, exercise or enforcement of any right, power or remedy or any damages sustained by the Secured Party, liquidated or otherwise, upon such Collateral Assignment Event of Default);

second, to the payment of any amounts payable to the Secured Party pursuant to the provisions of Section 10 of the Agreement to Purchase and Lease;

third, to the payment in full of all amounts owing under Section 13 of the Headlease; and

fourth, the balance, if any, of such payments or amounts remaining thereafter shall be remitted to the U.S. Lessor.

3.4. Certain Payments. Notwithstanding anything to the contrary contained in this Article III, any payments received by the Secured Party which represent Excluded Payments shall be remitted forthwith to the person entitled thereto.

ARTICLE IV

Covenants of U.S. Lessor; Events of Default; Remedies of the Secured Party

4.1. Covenants of U.S. Lessor. The U.S. Lessor hereby covenants and agrees as follows:

(a) the U.S. Lessor will duly and punctually pay all sums due under the Headlease, in accordance with the terms thereof; and

(b) the U.S. Lessor agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it on or in or with respect to any of the properties or assets of the Collateral Assignment; and

(c) the U.S. Lessor will furnish to the Secured Party promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments

furnished to the U.S. Lessor under the Sublease, including, without limitation, a copy of each report or notice from an independent insurance broker received pursuant to Article 9 of the Sublease, to the extent that the same shall not have been furnished to the Secured Party pursuant to the Headlease; and

(d) without the prior consent of the Secured Party, the U.S. Lessor shall not amend, modify or waive, or consent to any amendment, modification or waiver of, any term or provision of the Sublease, the Purchase Agreement, the Purchase Agreement Assignment or the Sublessee's Assignment, provided, that so long as no Collateral Assignment Default or Collateral Assignment Event of Default shall have occurred and be continuing, the U.S. Lessor may so amend, modify or waive any such term or provision, or consent thereto, if such amendment, modification, waiver or consent does not result in any reduction in Basic Sublease Rent or Sublease Stipulated Loss Value or is not inconsistent with the U.S. Lessor's obligations under the Headlease.

4.2. Events of Default. Wherever used herein, "Collateral Assignment Event of Default" means any of the following events (whatever the reason for such Collateral Assignment Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) any "Event of Default" specified in Article 12 of the Headlease; or

(b) any failure by the U.S. Lessor to observe or perform any other covenant or warranty or obligation of the U.S. Lessor in this Collateral Assignment and continuance of such a failure to observe or perform for a period of thirty days after there has been given, by registered or certified mail, to the U.S. Lessor by the Secured Party, a written notice specifying such failure to so observe or perform and requiring it to be remedied; or

(c) if any representation or warranty made in writing by or on behalf of the U.S. Lessor herein or in the Headlease shall prove to have been false or incorrect in any material respect at the time as of which made and the condition which made such

representation or warranty incorrect, if remediable, shall continue unremedied for a period of thirty days after written notice thereof by the Secured Party; or

(d) if the U.S. Lessor shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file any answer admitting the material allegations of a petition filed against it in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of it or all or any substantial part of its properties, or if the U.S. Lessor or its directors or majority stockholders shall take any action looking to the dissolution or liquidation of such corporation; or

(e) if within 90 days after the commencement of any proceeding against the U.S. Lessor seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if, within 60 days after the appointment without the consent or acquiescence of such corporation of any trustee, receiver or liquidator of such corporation or of all or any substantial part of its properties such appointment shall not have been vacated or stayed, or if, within 60 days after the expiration of any such stay, such appointment shall not have been vacated.

4.3. Certain Rights. (a) Subject to the provisions of Section 4.3(b), if a Collateral Assignment Event of Default shall have occurred and be continuing, then and in every such case the Secured Party, as assignee hereunder of the Sublease and the Sublessee's Assignment or otherwise, may exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article IV and any and all of the remedies pursuant to Section 13 of the Sublease, and may take possession of all or any part of the Collateral and may exclude the U.S. Lessor, and all persons claiming under or through it wholly or partly therefrom, provided, however, that if there shall occur a Collateral Assignment Event of Default solely pursuant to Section 12(a) of the Sublease and if the U.S. Lessor shall have paid or

caused to be paid all Basic Sublease Rent within five days after notice from the Secured Party of the nonpayment thereof, the Secured Party shall, unless the U.S. Lessor (whether or not reimbursed by the Sublessee) shall theretofore have four times made payments to cure Sublease Events of Default under Section 12(a) of the Sublease or shall theretofore have two consecutive times made payments to cure Sublease Events of Default under Section 12(a) of the Sublease, waive such Collateral Assignment Event of Default and its consequences (but only for purposes of the Headlease and this Collateral Assignment and not the Sublease), and shall, if no other Collateral Assignment Event of Default shall have occurred and be continuing, be entitled to receive such payment upon receipt by the Secured Party; provided, further, that if there shall occur any Collateral Assignment Event of Default other than a Sublease Event of Default pursuant to Section 12(a) of the Sublease, the U.S. Lessor shall have the right, at its option, to cure such Collateral Assignment Event of Default, if curable (in the reasonable opinion of the Secured Party), within 10 days after the occurrence of such Collateral Assignment Event of Default, subject to the limitation that the aggregate amount expended (and not repaid by the Sublessee) to cure all such Collateral Assignment Events of Default shall not at any time exceed \$5,000,000. Notwithstanding anything to the contrary contained in the Sublease, the right of the U.S. Lessor to make payments to cure Sublease Events of Default shall be as set forth in this Section 4.3 including, without limitation, that any payment of Basic Sublease Rent by or for the account of the U.S. Lessor shall not cure a Sublease Event of Default except as otherwise permitted herein.

(b) The Secured Party shall not take any action pursuant to Section 4.3(a) by reason of a Sublease Event of Default arising as a result of: (i) the failure of the Sublessee to indemnify or make any payments to the U.S. Lessor pursuant to Sections 10.2 or 10.3 of the Agreement to Purchase and Lease or the Tax Indemnity Agreement, (ii) the failure for not more than 45 days of the Sublessee to pay any Headlease Stipulated Loss Value which has been certified to the Treasurer of The Commonwealth of Massachusetts under Sections 12 and 13 of Massachusetts General Laws Chapter 161A or (iii) failure of the Sublessee to pay over insurance proceeds payable to or for the benefit of the U.S. Lessor pursuant to Section 9.1 of the Sublease (each such Sublease Event of Default being referred to in this Section as a "Special Event of Default"), unless and until the U.S. Lessor shall deliver written notice to the Secured Party authorizing the Secured Party to act in accordance with the other provisions of this Collateral Assignment with respect to such Special Event of Default and, provided further, that any provision hereof to the contrary notwithstanding, the U.S.

Lessor may enforce its rights to reserve Excluded Payments and the Excepted Rights without the approval of the Secured Party.

(c) Notwithstanding anything to the contrary contained in this Article IV, after a Collateral Assignment Event of Default solely pursuant to a Sublease Event of Default shall have occurred and be continuing, the Secured Party may not declare this Collateral Assignment to be in default and exercise any remedies hereunder unless contemporaneously therewith the Secured Party exercises all appropriate rights and powers and pursues all appropriate remedies under Section 13 of the Sublease to terminate the Sublease, and does terminate the Sublease (it being expressly understood and agreed without limitation of the foregoing, that should the Secured Party be prevented, by law or court order, from exercising such remedies under the Sublease following the occurrence of any of the events described in Sections 12(g), (h) or (i) of the Sublease, the Secured Party shall not exercise any remedy provided in the Collateral Assignment against the U.S. Lessor in the absence of any Collateral Assignment Event of Default not resulting from a Sublease Event of Default).

4.4. Return of Collateral, etc. (a) Subject to the provisions of Sections 4.3(a) and 4.3(b), at the request of the Secured Party, the U.S. Lessor shall promptly execute and deliver to the Secured Party such instruments of title and other documents as the Secured Party reasonably may deem necessary or advisable to enable the Secured Party or an agent or representative designated by the Secured Party, at such time or times and place or places as the Secured Party may specify, to obtain possession of all or any part of the Collateral to whose possession the Secured Party shall at the time be entitled hereunder. If the U.S. Lessor shall for any reason fail to execute and deliver such instruments and documents after such request by the Secured Party, the Secured Party may (a) obtain a judgment conferring on the Secured Party the right to immediate possession and requiring the U.S. Lessor to deliver such instruments and documents to the Secured Party, to the entry of which judgment the U.S. Lessor hereby specifically consents, and (b) to the extent permitted by applicable law, pursue all or any part of such Collateral wherever it may be found and may enter any of the premises of the Sublessee wherever such Collateral may be or be supposed to be and search for such Collateral and take possession of and remove such Collateral. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the lien of this Collateral Assignment.

(b) Upon every such taking of possession, the Secured Party may, from time to time, at the expense of the Collateral, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may deem proper. In each such case, the Secured Party shall have the right to maintain, use, operate, store, lease, control or manage the Collateral and to carry on the business and to exercise all rights and powers of the U.S. Lessor relating to the Collateral, as the Secured Party shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, leasing, control or management of the Collateral or any part thereof as the Secured Party may determine; and the Secured Party shall be entitled to collect and receive all tolls, rents, revenues, issues, income, products and profits of the Collateral and every part thereof, without prejudice, however, to the right of the Secured Party under any provision of this Collateral Assignment to collect and receive all cash held by, or required to be deposited with, the Secured Party hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the reasonable expenses of the use, operation, storage, leasing, control or management of the Collateral and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Secured Party may be required or may so elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof.

(c) If, after the Secured Party shall have taken possession of the Collateral as contemplated by this Section 4.4, the Secured Party shall not carry, obtain and maintain with insurers of recognized responsibility public liability and property damage insurance (exclusive of manufacturer's product liability insurance) with respect to the Equipment in the amounts, and of the types and coverages, customarily carried by similar commuter rail systems of comparable size as the Sublessee, the U.S. Lessor may at its own expense obtain and maintain such insurance covering the Secured Party as its interest may appear.

4.5. Remedies Cumulative. Each and every right, power and remedy herein specifically given to the Secured Party or otherwise in this Collateral Assignment shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Secured Party, and the exercise or the

beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the time or thereafter any other right, power or remedy. No delay or omission by the Secured Party in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the U.S. Lessor or to be an acquiescence therein.

4.6. Discontinuance of Proceedings. In case the Secured Party shall have proceeded to enforce any right, power or remedy under this Collateral Assignment by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Party, then and in every such case the U.S. Lessor, the Secured Party and the Sublessee shall be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Secured Party shall continue as if no such proceedings had been taken.

4.7. Waiver of Past Defaults. The Secured Party may waive any past default hereunder and its consequences, and upon any such waiver, such default shall cease to exist, and any Collateral Assignment Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Collateral Assignment; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

4.8. Replacement of Item of Equipment. In the event of the substitution of a replacement item of Equipment pursuant to Section 10 of the Headlease, all provisions of this Collateral Assignment relating to the item being replaced shall be applicable to such replacement item with the same force and effect as if such replacement item were the same item as the item of Equipment being replaced but for the Event of Loss with respect to the item being replaced.

4.9. No Segregation of Monies, etc. Any monies received by the Secured Party hereunder need not be segregated in any manner except to the extent required by law, and may be deposited under such general conditions as may be prescribed by law, and the Secured Party shall not be liable for any interest thereon, provided that any payments received or applied hereunder by the Secured Party shall be accounted for by the Secured Party so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

ARTICLE V
Duties of the U.S. Lessor

5.1. Notice of Event of Default. In the event the U.S. Lessor shall have Actual Knowledge of a Collateral Assignment Event of Default, the U.S. Lessor shall give prompt written notice of such Collateral Assignment Event of Default to the Secured Party.

ARTICLE VI
Miscellaneous

6.1. Termination of Collateral Assignment. Upon termination of the Headlease and the performance and observance by the U.S. Lessor of all agreements covenants and provisions to be performed or observed by it thereunder, the Secured Party shall execute and deliver to or as directed in writing by the U.S. Lessor an appropriate instrument releasing the Collateral from the lien of this Collateral Assignment. This Collateral Assignment shall terminate and this Collateral Assignment shall be of no further force or effect upon the sale or other final disposition by the Secured Party of all property constituting part of the Collateral and the final application or distribution by the Secured Party of all monies or other property or proceeds constituting part of the Collateral in accordance with the terms of Article III hereof, provided that at such time the U.S. Lessor shall have fully complied with all of the terms of the Headlease.

6.2. Sale by Secured Party Binding. Any sale or other conveyance of the Collateral or any part thereof by the Secured Party made pursuant to the terms of this Collateral Assignment shall be effective to transfer or convey all right, title and interest of the Secured Party and the U.S. Lessor in and to the Collateral or such part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Secured Party. In the event of any such sale, the U.S. Lessor shall execute any and all such bills of sale and other documents, and perform and do all other acts and things requested by the Secured Party in order to permit consummation of such sale and to effectuate the transfer or conveyance referred to in the first sentence of this Section 6.2.

6.3. Benefit of Collateral Assignment. Nothing in this Collateral Assignment, whether express or implied, shall be construed to give to any person other than the Secured Party and any assignee of the Secured Party any legal or equitable right,

remedy or claim under or in respect of this Collateral Assignment.

6.4. Notices. All notices and other communications under this Collateral Assignment shall be in English and in writing, and any such notice shall become effective when deposited in the mails, registered with proper postage for airmail prepaid, or, if in the form of a telegram, telex or telecopy, when received, addressed (a) if to the U.S. Lessor, at Four Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Manager, Operations Department LEV, or to such other address as the U.S. Lessor shall from time to time designate in writing to the Secured Party and (b) if to the Secured Party, at Taunusanlage 12, D-6000 Frankfurt am Main 1, Federal Republic of Germany, or to such other address as the Secured Party shall from time to time designate in writing to the U.S. Lessor.

6.5. Severability. Any provision of this Collateral Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

6.6. Successors and Assigns. The Secured Party may assign, in whole or in part, all of its rights, interests and benefits hereunder and in and to the Sublease, the Headlease and the Equipment, as provided herein or in the Agreement to Purchase and Lease. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Secured Party and its successors and assigns and the U.S. Lessor and its successors and assigns, all as herein provided.

6.7. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

6.8. Governing Law. This Collateral Assignment shall in all respects be governed by, and construed in accordance with, the internal law of the Commonwealth including all matters of construction, validity and performance.

6.9. Counterparts. This Collateral Assignment may be executed in several counterparts, each of which is an original, but all of which together constitute one and the same instrument.

6.10. No Recourse. In no case whatsoever shall the U.S. Lessor be personally liable on, or for any loss in respect of, any of the representations, warranties, agreements or obligations of the U.S. Lessor hereunder as to all of which the parties hereto agree to look solely to the Equipment and the Collateral, except that the U.S. Lessor shall be personally liable to the extent specified in Sections 10.1(d) and 10.7 of the Agreement to Purchase and Lease.

IN WITNESS WHEREOF, the parties have caused this Collateral Assignment and Security Agreement to be duly executed by their respective officers or attorneys-in-fact thereunto duly authorized, as of the date first above written.

DE EXPORT-LEASING GmbH

By 

Title: General Manager/Vice President Assistant

SECURITY PACIFIC EQUIPMENT
LEASING, INC.

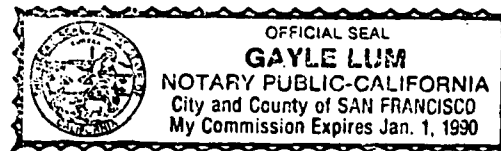
By 

Title: Associate Counsel

State of California)
) ss:
County of San Francisco)

On this 21st day of November, 1988, before me personally appeared Kristine Pearson, to me personally known, who being by me duly sworn, says that she is Associate Counsel of Security Pacific Equipment Leasing, Inc., that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gayle Lum
Notary Public
My Commission Expires Jan 1, 1990



RESTATED SCHEDULE X

RESTATED SCHEDULE X

The following terms shall have the respective meanings set forth below:

"Acceptance Certificate" means an Acceptance Certificate substantially in the form of Exhibit A to the Headlease, delivered pursuant to Section 2.3 of the Headlease.

"Accounts Receivable Purchase Agreement" means the Accounts Receivable Purchase Agreement No. 1, dated June 25, 1988, between the Purchaser and the German Lessor, as such Accounts Receivable Purchase Agreement No. 1 may be amended, modified or supplemented in accordance with the terms thereof.

"Accounts Receivable Purchase Agreement No. 2" means the Accounts Receivable Purchase Agreement No. 2, dated June 25, 1988, between the Purchaser and the U.S. Lessor, as such Accounts Receivable Purchase Agreement No. 2 may be amended, modified or supplemented in accordance with the terms thereof.

"Actual Knowledge" means (a) with respect to the Sublessee, actual knowledge of its Chairman, General Manager, Treasurer-Controller, or Director of Railroad Operations, (b) with respect to the U.S. Lessor, actual knowledge of the President, any Vice President, Treasurer, Secretary and any Contract Administrator (whether or not any such title is preceded by any modifier such as Assistant) and (c) with respect to the German Lessor, actual knowledge of any General Manager. "Actual Knowledge" shall be deemed to exist following receipt of written notice of a fact, event, condition or other circumstance by any such Person.

"Additional Investment" has the meaning specified in Section 8.1 of the Sublease.

"Additions" has the meaning specified in Article 6 of the Sublease.

"Affiliate", of any Person, means any other Person controlling, controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-tax Basis," or "after-tax basis," or similar term, means, when used with respect to the payment of any amount

and a requirement or contemplation that a gross amount paid shall produce a net amount received and retained by the recipient after payment or proper provision for Taxes and any other taxes imposed on the disbursement or receipt of such gross amount, that gross amount which, after deduction of all Taxes and any other taxes imposed by any jurisdiction or other taxing authority upon or measured by, or otherwise resulting from, the disbursement or receipt of such gross amount or any part thereof, will provide such net amount to the recipient, free of all Taxes and taxes.

"Agreement to Purchase and Lease" means the Agreement to Purchase and Lease, dated as of June 25, 1988, among the Sublessee, the U.S. Lessor, the German Lessor, the Purchaser, the Indenture Trustee and the Original Noteholder.

"Applicable Law" means all applicable laws, treaties, judgments, decrees, injunctions, writs and other orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority and, with respect to the Equipment shall include the rules in effect from time to time of the American Association of Railroads.

"Authorized Investments" means (a) readily marketable obligations of, or fully and unconditionally guaranteed (as to both principal and interest) by, the United States of America and having a maturity not in excess of one Business Day from the date of acquisition thereof; (b) certificates of deposit (having a maturity not in excess of 30 days from the date of acquisition thereof) evidencing direct obligations of any commercial bank or trust company organized in the United States of America and having capital, surplus and undivided profits of at least \$1,000,000,000; and (c) so-called money market funds, banker's acceptances or similar obligations (having a maturity not in excess of 30 days) issued by the Purchaser.

"Base Rate" means the interest rate per annum announced and made effective from time to time by Security Pacific National Bank, at its principal office in Los Angeles, California, as the prime rate or, as the case may be, the base, reference or other similar rate then designated by it for general commercial lending reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, which serves as the basis upon which effective rates of interest are calculated for obligations making reference thereto.

"Basic Headlease Rent" means the rent payable for the Equipment pursuant to and as defined in Section 8.1 of the Headlease.

"Basic Sublease Rent" means the rent payable for the Equipment with respect to the Basic Sublease Term pursuant to and as defined in Section 8.1 of the Sublease, subject to adjustments as provided in Sections 8.1 and 8.6 of the Sublease and in the Tax Indemnity Agreement.

"Basic Sublease Term" means the period beginning on January 30, 1988 and ending December 30, 2012 or such earlier date as the Sublease shall be terminated as provided therein, including any termination of the Sublease pursuant to Section 2.7 thereof.

"Board" means the Board of Directors of the Sublessee.

"Board Resolution" means a resolution of the Board certified by the Secretary or Assistant Secretary of the Sublessee to have been duly adopted by the Board and to be in full force and effect on the date of such certification.

"Business Day" means any day other than a Saturday or a Sunday or a day on which commercial banking institutions in the City of Boston, Massachusetts, the City of San Francisco, California, or The City of New York, New York or (with reference to any payment to be made to the German Lessor) the City of Frankfurt am Main, Federal Republic of Germany, are authorized by law to be closed. Any reference herein to "days" (unless Business Days are specified) shall mean calendar days.

"CFA Amendment" means the Consent and Agreement of the Commonwealth (agreed to by the Sublessee), dated the Effective Date, amending the Contract for Financial Assistance.

"Code" means the Internal Revenue Code of 1986, as from time to time amended, and any redesignated or successor provisions, except that references to Section 168 and Section 103 of the Code shall refer to such provisions of the Internal Revenue Code of 1954 as amended by the Tax Equity and Fiscal Responsibility Act of 1982 as continue to apply to the determination of certain of the U.S. Lessor's Tax Benefits as a consequence of the provisions of Section 31(g)(5) of the Deficit Reduction Act of 1984 and Section 204(a)(4) of the Tax Reform Act of 1986.

"Collateral" has the meaning specified in the granting clause of the Collateral Assignment.

"Collateral Assignment Default" means an event or condition which, with notice or lapse of time or both, would constitute a Collateral Assignment Event of Default.

"Collateral Assignment Event of Default" has the meaning specified in Section 4.2 of the Collateral Assignment.

"Collateral Assignment" means the Collateral Assignment and Security Agreement, dated as of June 25, 1988, between the U.S. Lessor and the German Lessor, as such Collateral Assignment and Security Agreement may from time to time be supplemented, amended or modified in accordance with the terms thereof.

"Commitment", of each Participant, means the amount set forth opposite such Participant's name in Schedule 1 to the Participation Agreement in the column relating to "Commitments".

"Commonwealth" means The Commonwealth of Massachusetts.

"Consent and Agreement of Lessee" means the Consent and Agreement of the Lessee, dated as of the Delivery Date, between the U.S. Lessor and the Sublessee, as such Consent and Agreement of Lessee has been amended and restated as of the Effective Date and may from time to time be further amended, modified or supplemented in accordance with the terms thereof.

"Contract Assistance Provisions" has the meaning specified in Section 8.7 of the Sublease.

"Contract for Financial Assistance" means an agreement, dated December 30, 1987 between the Sublessee and the Commonwealth, with respect to the Participation Agreement and the transactions contemplated thereby, as such agreement may from time to time be supplemented, amended or modified in accordance with its terms.

"Cost Recovery Deductions" has the meaning specified in Section 2 of the Tax Indemnity Agreement.

"Cross Border Transaction" means the transfer of the Equipment by the U.S. Lessor to the German Lessor, the lease of the Equipment by the German Lessor to the U.S. Lessor under the Headlease and the related transactions contemplated in the Agreement to Purchase and Lease.

"Cross Border Documents" has the meaning specified in Section 4(c) of the Agreement to Purchase and Lease.

"DBAG Letter Agreement" means the letter agreement, dated June 30, 1988, from Deutsche Bank A.G. in favor of the Sublessee and the U.S. Lessor relating to the Profit Transfer Agreement between Deutsche Bank A.G. and the German Lessor.

"DCC Accounts Receivable" has the meaning specified in Section 2 of the Accounts Receivable Purchase Agreement.

"Delivery Date" means December 31, 1987.

"Designated Payment Date" has the meaning specified in Sections 13(d) of the Sublease and of the Headlease.

"Destroyed Equipment" has the meaning specified in Sections 10.1(b) of the Sublease and of the Headlease.

"Dollars" or "\$" means lawful currency of the United States of America.

"Effective Date" means June 30, 1988.

"Equipment" means the 34 Messerschmitt-Bolkow-Blohm commuter rail coaches manufactured by the Manufacturer and sold to the Sublessee pursuant to the Purchase Agreement, sold by the Sublessee to the U.S. Lessor and leased by the U.S. Lessor to the Sublessee under the Lease and Lease Supplement No. 1 pursuant to the Participation Agreement and to be transferred by the U.S. Lessor to the German Lessor and then leased by the German Lessor to the U.S. Lessor pursuant to the Headlease, the Sublessee's and Manufacturer's serial numbers of such commuter rail coaches being specified in Lease Supplement No. 1, together with Parts; and any commuter coach(es), parts or other items of Equipment which may from time to time be substituted for any commuter rail coach(es) or other items of Equipment pursuant to Sections 10.1(b) of the Sublease and the Headlease. An "item of Equipment" means any one or more such commuter rail coaches or Parts, as the context may require.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Loss", with respect to any item of Equipment, means any of the following events with respect to such item of Equipment: (a) the loss of such item of Equipment or of the use thereof due to the destruction of, or damage beyond repair to such item of Equipment which (in the good faith and reasonable opinion of the Sublessee) renders it permanently unfit for normal use by the Sublessee for any reason whatsoever, such determination to be made promptly after the occurrence of such event and to be evidenced by an Officer's Certificate of the Sublessee delivered to the U.S. Lessor, the German Lessor and the Purchaser; (b) the loss of the use for 180 consecutive days or more of such item of Equipment due to wear or damage which in the good faith and reasonable opinion of the Sublessee can and will be repaired; (c) any damage to such item of Equipment which

results in an insurance settlement with respect to such item of Equipment on the basis of a total loss or a constructive or compromised total loss; (d) the requisition of title to or the loss of title to such item of Equipment; (e) the confiscation, condemnation or seizure of, or the requisition for use of, such item of Equipment which shall have resulted in the loss of possession of such item of Equipment for 180 consecutive days or more; or (f) the theft or disappearance of such item of Equipment which shall have resulted in the loss of possession of such item of Equipment by the Sublessee for 60 consecutive days or more.

"Excepted Rights" means the non-exclusive rights of the U.S. Lessor to obtain relief and recovery from and to pursue and enforce against the Sublessee the remedies enumerated in clauses (2) and (3) of Article 13(e) of the Sublease, at law, in equity and/or in bankruptcy or any insolvency proceeding, including without limitation, mandamus proceedings, together with any action in the nature of declaratory relief to construe the terms of the Operative Documents and the Cross Border Documents as they affect the relative rights of the U.S. Lessor and Sublessee only and/or any laws or statutes with respect to the Overall Transaction and the Cross Border Transaction as they affect the relative rights of the U.S. Lessor and the Sublessee only with respect to the payment of damages, costs and indemnities due the U.S. Lessor under the Sublease, the Agreement to Purchase and Lease, including without limitation to Sections 10.2 and 10.3 thereof, the VAT Agreement, and/or the Tax Indemnity Agreement, and to require the Sublessee specifically to perform all of its obligations under the Operative Documents and the Cross Border Documents. Notwithstanding the foregoing, Excepted Rights shall not be deemed to preclude the simultaneous exercise of such rights by the German Lessor against the Sublessee, and shall not be exercisable by the U.S. Lessor in a manner inconsistent with the rights of the German Lessor to pursue and enforce its rights as the full assignee of the Sublease pursuant to the terms of the Collateral Assignment.

"Excluded German Taxes" means any taxes imposed by the Federal Republic of Germany on any payment of Headlease Rent or Sublease Rent solely by reason of the Federal Republic of Germany treating such payment as having been made to the Purchaser by or on behalf of the German Lessor.

"Excluded Payments" means (a) indemnity payments (i) paid or payable by the Sublessee to or on behalf of the U.S. Lessor as Sublease Rent (specifically including any Sublease Rent or other payment required to be paid by the Sublessee to the U.S. Lessor pursuant to Section 10.2 or 10.3 of the Agreement to Purchase and Lease and any amounts required to be paid by the Sublessee to the U.S. Lessor pursuant to the VAT Agreement and

the Tax Indemnity Agreement) or (ii) paid or payable by the U.S. Lessor or the Sublessee to the German Lessor as Headlease Rent under the Headlease or under the Collateral Assignment or the Agreement to Purchase and Lease, (b) adjustments to Basic Sublease Rent and Sublease Stipulated Loss Value as a result of an Additional Investment pursuant to Section 8.1 of the Sublease to reflect certain Transaction Costs and (c) amounts payable pursuant to Section 3(d)(iv) of the Purchase Agreement Assignment.

"Execution Date" means December 30, 1987.

"Funding Date" means the Delivery Date.

"German Lessor" means DB Export-Leasing GmbH, a German company, and its successors and permitted assigns.

"German Lessor Disposition" means the consummation of the transaction contemplated in Article 16, clause Third of Section 13.2 or paragraph (a) of Section 10.1 (as to all of the Equipment) of the Headlease or Section 2.2 of the Collateral Assignment.

"German Lessor Security Agreement" means the Security Agreement, dated as of the Effective Date, between the German Lessor, as debtor, and the U.S. Lessor, as secured party, as such Security Agreement may be amended, modified or supplemented in accordance with the terms thereof.

"German Lessor's Purchase Price" means with respect to any item of Equipment, the amount specified as the cost of such item in Annex 1 attached to the Acceptance Certificate.

"Headlease" means the Lease Agreement, dated as of June 25, 1988 between the German Lessor, as lessor, and the U.S. Lessor, as Lessee, as such Lease Agreement may be amended, modified or supplemented in accordance with the terms thereof.

"Headlease Default" means an event or condition which, with the giving of notice or lapse of time or both, would constitute a Headlease Event of Default.

"Headlease Event of Default" has the meaning specified in Section 12 of the Headlease.

"Headlease Rent" means Basic Headlease Rent and Supplemental Headlease Rent.

"Headlease Stipulated Loss Value" as of any Headlease Stipulated Loss Value Date during the Headlease Term, means, with respect to any item of Equipment, an amount determined by multiplying German Lessor's Purchase Price thereof by the percentage specified in Exhibit B to the Headlease opposite the Headlease Stipulated Loss Value Date with respect to which the amount is determined. Anything contained in the Headlease (including Exhibit B thereto) to the contrary notwithstanding, the Headlease Stipulated Loss Value for the Equipment as of each such date shall in no event be less than an amount at least sufficient to pay in full the DCC Accounts Receivable receivable by the Purchaser on such date.

"Headlease Stipulated Loss Value Date" means each date set forth on Exhibit B to the Headlease.

"Headlease Term" means, with respect to the Headlease, the term for which any item of Equipment is leased thereunder.

"Indemnified Persons" means the U.S. Lessor, the German Lessor, the Purchaser, the Collateral and their respective successors, assigns, agents, partners and the servants and employees of each thereof.

"Indenture" means the Trust Indenture and Security Agreement, dated as of the Execution Date, between the U.S. Lessor and the Indenture Trustee, as amended or supplemented by Trust Indenture Supplement No. 1, dated the Delivery Date, between the U.S. Lessor and the Indenture Trustee.

"Indenture Estate" means the property granted to the Indenture Trustee pursuant to the Granting Clause of the Indenture (but excluding from the Indenture Estate all Excluded Payments and Excepted Rights).

"Indenture Trustee" means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity (except as set forth in the Participation Agreement) but solely as indenture trustee under the Indenture, and, to the extent permitted by the Indenture, its successors and assigns.

"Interim Rent" means the Rent payable pursuant to Section 8.1(a)(1) of the Lease.

"Interim Term" means, with reference to the Lease, the period commencing on the Delivery Date and expiring on January 29, 1988.

"Interest Deductions" has the meaning specified in Section 2 of the Tax Indemnity Agreement.

"Investment Grade" means, as to the Sublessee's long-term, unsecured tax-exempt debt, those obligations which are rated Baa or higher by Moody's or BBB or higher by S&P. For purposes of this definition, "Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns; and S&P means Standard & Poor's Corporation, a New York corporation, its successors and assigns. If either Moody's or S&P shall for any reason no longer perform the functions of a securities rating agency, "Moody's" or "S&P", as the case may be, shall be deemed to refer to any other nationally recognized rating agency designated by the Sublessee and satisfactory to the U.S. Lessor and in such event the rating by such agency shall be equivalent to Baa or higher by Moody's or BBB or higher by S&P.

"Lease" means the Lease Agreement, dated as of December 30, 1987, between the U.S. Lessor, as lessor, and the Sublessee, as lessee, as amended and supplemented by Lease Supplement No. 1.

"Lease Supplement No. 1" means Lease Supplement No. 1, dated December 31, 1987, between the U.S. Lessor and the Sublessee, and identifying the items of Equipment subject to the Lease.

"Lessor Lien" or "Lessor's Liens" means any Lien or disposition of title which results from a claim against or act of the U.S. Lessor or the German Lessor that is not a claim against or act of the Sublessee and either (a) results from claims against the U.S. Lessor or the German Lessor not related to the Overall Transaction or the Cross Border Transaction, (b) results from an affirmative act of the U.S. Lessor or the German Lessor which is neither required or permitted to be taken by the U.S. Lessor or the German Lessor, as the case may be, pursuant to a provision of any Operative Document or any Cross Border Document nor consented to by the Sublessee nor taken as a result of the occurrence and continuance of a Sublease Event of Default as permitted under the Sublease or a Headlease Event of Default as permitted under the Headlease, or (c) results from nonpayment by the U.S. Lessor or the German Lessor of any taxes imposed on such Person or the consolidated group of taxpayers of which such Person is a part which the Sublessee is not required to indemnify against pursuant to any of the Operative Documents or the Cross Border Documents or is so required and has made such indemnification payment.

"Lessor's Cost", as of any date means, with respect to any item of Equipment, the Lessor's Purchase Price thereof

plus Transaction Costs, as such aggregate amount may be adjusted to reflect each Additional Investment or Reduced Investment pursuant to Section 8.1 of the Sublease.

"Lessor's Purchase Price" means, with respect to any item of Equipment, the amount specified as such as the cost of such item in Annex 1 attached to Lease Supplement No. 1, being the sum of (a) an amount equal to the aggregate payments for such item of Equipment made to or on behalf of the Sublessee by the U.S. Lessor pursuant to the Participation Agreement on or prior to the Delivery Date thereof, as specified in invoices and/or bills of sale, and (b) any taxes applicable to the purchase of such item of Equipment by the U.S. Lessor which must be capitalized for Federal tax purposes, including, without limitation, sales, use, excise or similar taxes.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement).

"Majority Noteholders", as of a particular date of determination, means the Noteholders (other than the U.S. Lessor, if a Noteholder) holding more than 50% in aggregate unpaid principal amount of all Notes, if any, outstanding as of such date. If one or more but less than all of the Notes are owned or controlled by the U.S. Lessor (or an Affiliate thereof), then the other Noteholders who are not the U.S. Lessor (or Affiliates thereof) shall have sole power to vote such Notes and to take other similar action with respect thereto (such power to be divided among such other Noteholders based on the respective unpaid aggregate principal amount of Notes held by each of them).

"Manufacturer" means Messerschmitt-Bolkow-Blohm GmbH, a German company, and its successors and assigns.

"Manufacturer's Consent" means the Consent and Agreement, dated as of June 27, 1988, by the Manufacturer to the assignment by the U.S. Lessor to the German Lessor pursuant to the Collateral Assignment, by the German Lessor to the Purchaser pursuant to the Accounts Receivable Purchase Agreement and by the Purchaser to the U.S. Lessor pursuant to Accounts Receivable Purchase Agreement No. 2 of certain of the Sublessee's right, title and interest in, to and under the Purchase Agreement with respect to the Equipment.

"Net Economic Return" has the meaning specified in Section 1 of the Tax Indemnity Agreement.

"Notes" means the Series A Notes and the Series B Notes.

"Noteholders" means the Original Noteholder (only so long as such Person is the registered holder of a Note) and each other holder from time to time of a Note.

"Obsolete Parts" has the meaning specified in Articles 6 of the Headlease and of the Sublease.

"Officer's Certificate" means (a) with respect to the Sublessee, a certificate executed on behalf of the Sublessee by its duly authorized Chairman, General Manager, Treasurer, Controller or General Counsel (or by any duly authorized person holding any such office in an "Acting" capacity), signing alone; (b) with respect to the U.S. Lessor, a certificate executed on behalf of the U.S. Lessor by the duly authorized President or any Vice President, Treasurer or Secretary or Contract Administrator (whether or not any such title is preceded by any modifier such as Assistant), signing alone; (c) with respect to the German Lessor, a certificate executed on behalf of the German Lessor by any two of its duly authorized General Managers; and (d) with respect to the Purchaser, a certificate executed on behalf of the Purchaser by the duly authorized President or any Vice President, Treasurer or Secretary (whether or not any such title is preceded by any modifier such as Executive, Senior or Assistant).

"Operative Documents" means the Participation Agreement, the Indenture, the Lease, the Contract for Financial Assistance, the Sublessee's Assignment, the Consent and Agreement of Sublessee, the Tax Indemnity Agreement, the Purchase Agreement and the Purchase Agreement Assignment.

"Original Noteholder" means New England Merchants Funding Corporation, a Massachusetts corporation.

"Original Noteholder Note" means the Series A Variable Rate, Registered, Non-Recourse Secured Note due January 30, 2010 in the principal amount of \$22,938,858.49 issued by the U.S. Lessor to the Original Noteholder.

"Original Participation" of a Participant in the Equipment, means the amount paid by such Participant pursuant to Section 2 of the Participation Agreement as such Participant's participation in the payment of the Lessor's Purchase Price of the Equipment.

"Overall Transaction" means the manufacture, purchase, ownership, financing, leasing, operation, maintenance, storage, return and disposition of the Equipment as described and contemplated by the Operative Documents.

"Overdue Interest Rate" means the rate per annum equal to the sum of one and one-half (1-1/2) percentage points plus the higher of (i) the Base Rate plus 1.5% or (ii) 10.5% per annum.

"Participants" means the U.S. Lessor and the Original Noteholder.

"Participation Agreement" means the Participation Agreement, dated as of the Execution Date, among the Sublessee, the U.S. Lessor, the Original Noteholder and the Indenture Trustee.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature so long as the same shall be incorporated or installed in or attached to any item of Equipment or so long as title thereto shall remain vested in the German Lessor in accordance with Section 5.3 or Article 6 of the Headlease after removal from such item of Equipment; provided, that in no event shall any appliance, part, instrument, appurtenance, accessory, furnishing or other equipment that does not become a portion of the Equipment, in accordance with Section 5.3 or Article 6 of the Headlease, constitute a Part.

"Permitted Liens" means (a) the Lien of the Collateral Assignment, (b) the subordinate rights of others under agreements or arrangements to the extent expressly permitted by the terms of Sections 4.2 of the Headlease and of the Sublease and Section 4.3(a) of the Collateral Assignment, (c) Lessor Liens, (d) Liens for taxes, assessments, charges or other governmental levies either not yet due or being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted but only so long as (i) such proceedings do not involve any material danger of the sale, forfeiture or loss of any item of Equipment, or any interest therein, and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such Liens, (e) materialmen's, mechanics', carriers', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is not overdue for a period in excess of 30 days or is being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted but only so long as (i) such proceedings do not involve any danger of the sale, forfeiture or loss of any item of

Equipment, or any interest therein and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such Liens, and (f) Liens arising out of judgments or awards against the Sublessee with respect to which an appeal or proceeding for review is being diligently prosecuted in good faith and with respect to which a stay of execution shall have been secured or an appeal bond shall have been filed pending such appeal or proceeding for review but only so long as (i) such proceedings do not involve any danger of the sale, forfeiture or loss of any item of Equipment, or any interest therein, and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such judgments or awards.

"Person" means an individual, a corporation, a partnership, an unincorporated organization, an association, a joint stock company, a joint venture, a trust, an estate, a government or any agency or political subdivision thereof or any other entity.

"Prime Rate" means the interest rate per annum announced and made effective from time to time by Security Pacific National Bank, at its principal office in Los Angeles, California, as the prime rate or, as the case may be, the base, reference or other similar rate then designated by it for general commercial lending reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, which serves as the basis upon which effective rates of interest are calculated for obligations making reference thereto.

"Purchase Agreement" means the Agreement, dated August 7, 1985, between the Manufacturer and the Sublessee, as amended, modified and supplemented on or prior to the Delivery Date, providing, among other things, for the manufacture by the Manufacturer and sale to the Sublessee of the Equipment, as such Agreement may thereafter from time to time be amended, modified or supplemented in accordance with the applicable provisions thereof and of the Purchase Agreement Assignment.

"Purchase Agreement Assignment" means the Purchase Agreement Assignment, dated as of the Delivery Date, between the Sublessee and the U.S. Lessor (together, prior to the Effective Date, with the Consent and Agreement of the Manufacturer attached thereto and, after the Effective Date, with the Manufacturer's Consent), assigning to the U.S. Lessor certain of the Sublessee's right, title, and interest in, to and under the Purchase Agreement with respect to the Equipment, as such Purchase Agreement Assignment may from time to time be supplemented, amended or modified to the extent permitted by and in accordance with the terms thereof and of the Agreement to Purchase and Lease and the Collateral Assignment.

"Purchaser" means Deutsche Credit Corporation, a Delaware corporation, and its successors and assigns.

"Reduced Investment" has the meaning specified in Section 8.1 of the Sublease.

"Regulations" means the Treasury Regulations, as amended, promulgated under the Code or other Federal tax statutes (as referred to in clause (i) of the definition of "Tax Laws" in this Schedule X) by the Treasury Department of the United States of America.

"Renewal Rent" with respect to the first, three-year Renewal Term provided for in section 2.5 of the Sublease, means an amount equal to the lesser of (i) 50% of the average Basic Rent over the Basic Term of the Lease and (ii) the fair market rental value of the Renewal Equipment determined in accordance with the Sublease. "Renewal Rent" with respect to the second, seven-year Renewal Term provided for in Section 2.5 of the Sublease means the fair market rental value of the Renewal Equipment.

"Renewal Term" means, with respect to the Sublease, the three-year renewal term provided for in Section 2.5 of the Sublease beginning on December 31, 2012, and ending on December 30, 2015 and, if applicable, the seven-year renewal term provided for in Section 2.5 of the Sublease beginning on December 31, 2015 and ending on December 30, 2022.

"Rent Payment Date" means June 30, 1988, and each December 30 and June 30 thereafter, to and including the day after the last date included within, in the case of the Headlease, the Headlease Term and, in the case of the Sublease, the Sublease Term.

"Restated Consent and Agreement of the Lessee" means the agreement, dated the Effective Date, between the U.S. Lessor and the Sublessee, amending and restating the Consent and Agreement of the Lessee.

"Restated Sublessee's Assignment" means the agreement, dated the Effective Date, between the U.S. Lessor and the Sublessee, amending and restating the Lessee's Assignment.

"Satisfaction of Mortgage" means the Satisfaction of Mortgage, dated the Effective Date, executed by the Indenture Trustee evidencing the final discharge and satisfaction of the Indenture.

"Series A Notes" means the Series A Notes, each to be in substantially the form therefor set forth in Section 2.01(a) of the Indenture, issued by the U.S. Lessor pursuant to Section 2.02 of the Indenture to the Original Noteholder in the principal amount, bearing interest at the rates and payable as to principal and interest as provided in said Section 2.02, and secured as provided in the Granting Clause of the Indenture, and shall include any Series A Notes issued in exchange therefor or in replacement thereof pursuant to Sections 2.07 or 2.08 of the Indenture.

"Series B Notes" means the Series B Notes, each to be in substantially the form therefor set forth in Section 2.01(b) of the Indenture, issued by the U.S. Lessor pursuant to Section 2.13 of the Indenture in the principal amounts, bearing interest at the rates and payable as to principal and interest as provided in said Section 2.13, and secured as provided in the Granting Clause of the Indenture, and shall include any Series B Notes issued in exchange therefor or in replacement thereof pursuant to Sections 2.07 or 2.08 of the Indenture.

"SP Accounts Receivable" has the meaning specified in Section 2 of the Accounts Receivable Purchase Agreement No. 2.

"Special Event of Default" has the meaning set forth in Section 4.02 of the Indenture.

"Sublease" means the Lease, as amended and restated as of June 25, 1988, as the Lease (as so amended and restated) may from time to time be further amended, supplemented or modified in accordance with the terms thereof.

"Sublease Default" means an event or condition which, with the giving of notice or lapse of time or both, would constitute a Sublease Event of Default.

"Sublease Events of Default" has the meaning specified in Article 12 of the Sublease.

"Sublease Rent" means Interim Rent, Basic Sublease Rent, Renewal Rent and Supplemental Sublease Rent.

"Sublease Stipulated Loss Value" as of any Sublease Stipulated Loss Value Date during the Basic Sublease Term, means, with respect to any item of Equipment, an amount determined by multiplying Lessor's Purchase Price thereof by the percentage specified in Exhibit B to the Sublease opposite the Sublease Stipulated Loss Value Date with respect to which the amount is determined, subject to adjustment as provided in Sections 8.1 and 8.5 of the Sublease. As of any Sublease Stipulated Loss Value

Date during the first, three-year Renewal Term the Sublease Stipulated Loss Value shall be an amount equal to the greater of (i) the then fair market sales value of the Equipment or (ii) 20% of the Lessor's Purchase Price thereof. The Sublease Stipulated Loss Value at June 30, 2016 shall be equal to the then fair market sales value of the Equipment, and as of each subsequent Sublease Stipulated Loss Value Date during the second, seven-year Renewal Term shall be equal to an amount determined (1) by estimating at December 30, 2015 the fair market sales value of the Equipment at December 30, 2022 and (2) equitably and ratably reducing at each such Sublease Stipulated Loss Value Date the amount of the fair market sales value at June 30, 2016 to such fair market sales value at December 30, 2022. Anything contained in the Sublease (including Exhibit B thereto) to the contrary notwithstanding, the Sublease Stipulated Loss Value for the Equipment as of each such date shall in no event be less than an amount at least sufficient to pay in full the aggregate unpaid principal amount of the Headlease Stipulated Loss Value due as of such date.

"Sublease Stipulated Loss Value Date" means (i) for the Basic Sublease Term each date set forth on Exhibit B to the Sublease, (ii) for the first Renewal Term, June 30, 2013 and each December 30 and June 30 thereafter to and including December 30, 2015, and (iii) for the second Renewal Term, June 30, 2016 and each December 30 and June 30 thereafter to and including December 30, 2022.

"Sublease Term" means, with respect to the Sublease, the term, including the Interim Term and any Renewal Term, if any, for which any item of the Equipment is leased thereunder.

"Sublessee" means Massachusetts Bay Transportation Authority, a body politic and corporate and a political subdivision of the Commonwealth, and its successors and, to the extent permitted by the Lease, assigns.

"Sublessee's Assignment" means the Lessee's Assignment, dated as of the Delivery Date, between the U.S. Lessor and the Sublessee, as such Lessee's Assignment has been or will be amended and restated as of the Effective Date may from time to time be further amended, modified or supplemented in accordance with the terms thereof.

"Substitute Equipment" has the meaning set forth in Section 10.2 of the Sublease.

"Supplemental Headlease Rent" means any and all amounts, liabilities and obligations (other than Basic Headlease

Rent) which the U.S. Lessor assumes or agrees to pay to or as directed by the German Lessor and the Purchaser under any of the Cross Border Documents, including, without limitation, Headlease Stipulated Loss Value and interest (including any payments at the Overdue Interest Rate) and payments pursuant to Accounts Receivable Purchase Agreement No. 2.

"Supplemental Sublease Rent" means any and all amounts, liabilities and obligations (other than Interim Rent, Basic Sublease Rent and Renewal Rent) which the Sublessee assumes or agrees to pay to or as directed by the U.S. Lessor, the German Lessor and the Purchaser under any of the Operative Documents or the Cross Border Documents, including, without limitation, Sublease Stipulated Loss Value and interest (including any payments at the Overdue Interest Rate) and indemnity payments, including, without limitation, any such payments pursuant to Section 10.2 or 10.3 of the Agreement to Purchase and Lease, the VAT Agreement, and the Tax Indemnity Agreement.

"Supplemental Tax Indemnity Agreement" means the Supplemental Tax Indemnity Agreement, dated as of the Effective Date, between the Sublessee and the U.S. Lessor.

"Tax" means any and all fees (including, without limitation, documentation, license, recording, filing and registration fees), taxes (including, without limitation, income, franchise, gross receipts, value added, turnover, sales, use, property (tangible and intangible) and stamp taxes), levies, assessments, imposts, duties, charges or withholdings of any nature whatsoever, as now or hereafter existing, imposed by any jurisdiction or taxing authority including, without limitation, the United States of America, the Commonwealth, and the Federal Republic of Germany and any political subdivision or taxing authority thereof at any time existing, together with any and all penalties, fines, additions to tax and interest thereon.

"Tax Assumptions" means those tax assumptions set forth in Section 2 of the Tax Indemnity Agreement.

"Tax Benefits" has the meaning specified in Section 1 of the Tax Indemnity Agreement.

"Tax Indemnity Agreement" means the Tax Indemnity Agreement, dated as of the Execution Date, between the Sublessee and the U.S. Lessor, as amended and supplemented by the Supplemental Tax Indemnity Agreement, as such Tax Indemnity Agreement may from time to time be further supplemented, amended or modified in accordance with the terms thereof.

"Tax Laws" means, with reference to any date or any period, (i) all Federal tax statutes, including, without limitation, (A) the Code, and (B) all other Federal tax statutes, such as but not limited to Revenue Acts and also including any Federal tax provisions included in any Public Law or other Federal statute, that are in force and effect with respect to such date or period; and (ii) all rules and regulations, including, without limitation, Treasury Regulations and Temporary Regulations, whether legislative regulations, statutorily authorized implementing regulations, interpretive rules and regulations, and procedural rules and regulations, that are at any time promulgated and in force and effect with respect to such date or period under a Federal tax statute that is in force and effect and applicable to such date or period, and includes, without limitation, revenue rulings or similar authority that may be cited as precedent.

"Transaction Costs" means all of the reasonable costs and expenses incurred by the Indenture Trustee, the U.S. Lessor or the Original Noteholder in connection with the negotiation, preparation, printing, execution and delivery of the Operative Documents, the Notes and the Cross Border Documents and in connection with the transactions contemplated thereby, all of which shall be evidenced by appropriate bills or invoices, including, without limitation:

(i) the reasonable fees, expenses and disbursements of (A) Messrs. Ropes & Gray, special counsel for the U.S. Lessor, (B) Messrs. Csaplar & Bok, special counsel for the Original Noteholders, and (C) Messrs. Richards, Layton & Finger, special counsel for the Indenture Trustee;

(ii) the initial fees and expenses and disbursements of the Indenture Trustee;

(iii) document production costs in connection with the Operative Documents and the Cross Border Documents;

(iv) the costs of the appraisals referred to in Section 5(n) of the Participation Agreement and Section 4(1) of the Agreement to Purchase and Lease;

(v) the fees, expenses and disbursements of an appraiser/consultant engaged by the U.S. Lessor to review the Operative Documents;

(vi) the fees of Xitech Inc., a Delaware corporation as invoiced on March 21, 1988; and

(vii) computer and data processing charges and other out-of-pocket expenses and costs relating to the Cross Border Transaction.

"Transfer" means the transfer of all right, title and interest of the U.S. Lessor or the German Lessor in the property being transferred, free and clear, in the case of a Transfer by the U.S. Lessor, of the Lien of the Collateral Assignment (if the German Lessor shall be required to release the Lien of the Collateral Assignment pursuant to the terms thereof) or, in the case of a Transfer by the German Lessor, of the Lien of the Accounts Receivable Purchase Agreement (if the Purchaser shall be required to release the Lien of the Accounts Receivable Purchase Agreement pursuant to the terms thereof) and of any Lessor Liens attributable to it, but otherwise without recourse, representation or warranty whatsoever, express or implied, except as to the nonexistence of any Lessor Liens attributable to it, which warranty shall be repeated at the time of such transfer and shall survive such transfer.

"Trust Indenture Supplement" means a supplement to the Indenture, in substantially the form of Exhibit A to the Indenture, that, pursuant to the Granting Clause of the Indenture, shall create a first mortgage and security interest on the items of Equipment referred to therein and assign and pledge the related Lease Supplement executed and delivered pursuant to the Lease to the Indenture Trustee as part of the Indenture Estate.

"U.S. Lessor" means Security Pacific Equipment Leasing, Inc., a Delaware corporation, its successors and permitted assigns.

"U.S. Lessor's Bill of Sale" means the Bill of Sale, dated the Effective Date, from the U.S. Lessor to the German Lessor.

"VAT Agreement" means the VAT Agreement, dated as of June 30, 1988, among the Sublessee, the U.S. Lessor, the German Lessor and the Purchaser relating to German value added tax, as such VAT Agreement may from time to time be amended, modified or supplemented in accordance with the terms thereof.

"Warranty Bill of Sale" means the Warranty Bill of Sale, dated as of the Delivery Date, from the Sublessee to the U.S. Lessor substantially in the form of Exhibit L to the Participation Agreement.

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RECEIVED BY _____ DATE _____

DEC 21 1988 11 AM

INTERSTATE COMMERCE COMMISSION

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

I have compared the annexed instrument to the original
thereof and have found it to be an exact copy of the original.

Noreen M. Berardino
Notary Public

[Seal]

My Commission Expires 9/89

NOREEN M. BERARDINO, NOTARY PUBLIC
State of New York, No. 03-4906136
Qualified in Bronx County
Cert. Filed in New York County
Commission Expires Sept. 21, 1989